



2028 Part 2 Application Workbook

GENERAL INFORMATION

Thank you for applying for the **National Housing Quality Award (NHQA)** and your journey toward operational excellence, continuous improvement, and industry benchmarking.

This document constitutes **Part 2** of your application, a lengthy questionnaire and worksheet that requires explicit detail across all of your operational aspects.

For additional information, FAQs, helpful tips, and articles about the NHQA application and examination process, please visit probuilder.com/nhqa.

APPLICATION SUBMISSION REQUIREMENTS

- Presented on 8.5 in. x 11 in. pages
- Use of 12 pt. Times New Roman font
- Maximum of 20 pages, including a completed P&L Worksheet (embedded below) and one (1) Company Overview page (20 pages total)
- Save the entire entry as one (1) PDF document

DO NOT send or reference “attachments” or other documents.

Part 2 must be submitted to the examination portal by **May 21, 2027**. Instructions are provided in the email you received after submitting your Part 1 application and fee.

Your **Part 2 application** will be examined by a panel of previous NHQ Gold award recipients and housing quality and operational management experts.

Applicants that display a high level of achievement will earn a **two-day site visit** by a team of examiners to review your operations in person with members of your team. An additional fee of \$2,000 is required to help cover the costs of a site visit.

NHQA winners are recognized in three categories: **Gold**, **Silver**, and **Bronze**; occasionally, the examination team will award an Honorable Mention distinction. All award winners are published in *Pro Builder* magazine and recognized at an awards ceremony.

Step 1: Provide a Company Overview

With your application, please provide a short (1 page, maximum) description of your company, including: company history; the types of product (homes) and services you provide; the geographic and demographic markets you serve; competitive situation; general business goals and direction; and any other relevant information.

If you are submitting an application for a division of a larger corporation, please also describe the operating relationship to the parent company.

Please also include the following information for the examiners:

- Company or Division Name, City/State Location, and website URL
- Name, title, email address, and phone number of the person submitting the application

Step 2: Complete Each Category

Part 2 of the NHQA application consists of eight (8) categories outlined below, including “talking points” to be reflected in your response.

Category 1: Senior Leadership

Q: How does senior leadership guide and sustain the organization? How does the organization fulfill its legal, ethical, and societal responsibilities and support the communities in which you operate?

At a minimum, your response should reflect the following:

1. *What is the company mission that gives purpose to your organization?*
2. *What is the company’s vision of what it can become?*
3. *What are the company values that guide corporate decisions and behaviors?*
4. *How do senior leaders instill and reinforce the Mission, Vision, and Values within the company as role models and by empowering others?*
5. *How does leadership incorporate Key Performance Indicators (KPIs)?*
6. *How is leadership developed, receive feedback, and held accountable?*
7. *How is leadership transparent to the organization?*
8. *How is employee feedback on company priorities elicited and utilized?*
9. *How are company results communicated to employees?*
10. *How does the company ensure legal and regulatory compliance?*
11. *How does the company assess risks?*
12. *How does the company demonstrate public responsibility and good citizenship?*



Category 2: Strategic Planning

Q: How does the company create and carry out a Strategic Plan to achieve a future vision, enhance your competitive position, and improve overall performance?

At a minimum, your response should reflect the following:

- 1. What are the key strategic challenges your company faces in the next 1-5 years?*
- 2. How are these challenges identified, analyzed, and addressed?*
- 3. How is the company's Strategic Plan developed?*
- 4. How does the company use demographic data and market intelligence in strategic planning?*
- 5. How is the strategic plan tied to the company's Mission, Vision, and Values?*
- 6. How does the Strategic Plan leverage the company's unique skills, knowledge, and experience?*
- 7. How does the Strategic Plan compensate for lack of skills, knowledge, experience and/or resources?*
- 8. How is the company's Strategic Plan deployed?*
- 9. How is the company's Strategic Plan monitored?*
- 10. How are operational plans impacted by the results of the Strategic Plan?*
- 11. How does the company acquire or develop the necessary skills to implement the Strategic Plan?*
- 12. How does the company utilize performance metrics and feedback channels?*
- 13. How does the company report and communicate progress?*
- 14. How and how often/when do leaders use feedback to adjust the Strategic Plan?*
- 15. How does the company identify and acquire the right customers?*
- 16. How does the company maintain its customer pool?*
- 17. What tools and data does the company use to generate and maintain sales leads?*

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Category 3: Process Management

Q: How are the company's business processes developed, managed, measured, and improved to achieve operational excellence?

At a minimum, your response should reflect the following:

- 1. How does the company approach and develop essential business processes?*
- 2. How does the company involve various departments in that endeavor?*
- 3. How does the company establish expectations for process management?*
- 4. How does the company document the implementation of new processes?*
- 5. How does the company use KPIs and what do they link to?*
- 6. How does the company track and communicate KPIs?*
- 7. What tools does the company use for process improvement?*
- 8. Describe the approach used to continual Improvement, who is involved, and how results are communicated*
- 9. How does the company improve key processes?*
- 10. How and to what are trade partners, suppliers, and manufacturers involved in process improvement activities?*
- 11. How does the company maintain accuracy in sales materials?*
- 12. Describe the company's sales process, how it is managed, who is involved in forecasting sales, and how accountability is built in*
- 13. How are marketing efforts developed, managed, and measured for performance?*
- 14. What sales and marketing KPI's are utilized to manage performance?*
- 15. What criteria determines entering new markets, communities, or product offerings?*
- 16. What marketing and sales performance standards exist and how do team members know they are meeting those standards?*

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Category 4: Customer Satisfaction

Q: How do you define, design, measure, and manage products and services that lead to a high level of customer satisfaction? Please provide a third-party customer satisfaction performance measures (Move-in & 1 year Recommend at minimum) for the previous 12 months.*

At a minimum, your response should reflect the following:

1. *How does the company identify market segments and key customer groups?*
2. *Describe the methods to define, develop, and measure a customer centric culture*
3. *How does the company determine product features and services that customers want?*
4. *How does the company develop relationships with customers?*
5. *What key success drivers result in satisfied customers?*
6. *How are key stakeholders trained on customer satisfaction?*
7. *How are customers managed during and after the building process?*
8. *Outline the company's key customer satisfaction processes and how they are measured and managed*
9. *How are the company's key customer satisfaction processes improved?*
10. *How is customer feedback used and how/ and to whom is it shared?*
11. *How does the company implement key customer-centric processes?*
12. *What methods does the company use to develop and improve customer satisfaction?*
13. *How does the company obtain and utilize customer satisfaction feedback to improve performance?*
14. *How are essential business processes created with the customer in mind?*
15. *Please provide any 3rd party or internal customer satisfaction survey information*

** If you do not use a third party to measure and report customer satisfaction, NHQA will conduct an evaluation of your customers for the past 12 months if a site visit is awarded.*

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## Category 5: Human Resources

*Q: How do your Human Resources practices contribute to the growth of the organization, such as employee selection and development, as well as staff performance management, wellbeing, motivation, satisfaction, and compensation?*

**At a minimum, your response should reflect the following:**

1. *How does the company maintain a workplace that contributes to the wellbeing, satisfaction, and motivation of staff?*
2. *How does the company maintain or enhance employee morale?*
3. *Describe the company culture*
4. *How does the company seek to understand employee satisfaction and improve?*
5. *What benefits does the company offer to employees, and how are they determined and updated?*
6. *What are the organization's career development strategies?*
7. *How is training utilized to achieve organizational objectives?*
8. *Are training programs address both personal development and functional job skills?*
9. *Does the company maintain an Employee Handbook? If so, what is its role/purpose?*
10. *How do employees document and access company policies, processes, and procedures?*
11. *Describe employee retention techniques and their effectiveness/success*
12. *How does the company ensure organizational alignment?*

13. *What is the company's employee recruitment strategy?*
14. *How are new hires and internal applicants interviewed, hired and onboarded?*
15. *How and how often/when does the company administer employee evaluations?*
16. *Describe the company's compensation, recognition, and incentive programs*
17. *Describe the company's organizational succession plans*

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## Category 6: Construction Quality

*Q: What methods does your company use to drive quality in the home construction process and ensure high-performing, trouble-free products?*

**At a minimum, your response should reflect the following:**

1. *Describe the company's quality management and assurance system. How it is developed, implemented, managed, and measured?*
2. *What is the company's approach to construction quality in determining product design and the use of building products or systems in your homes?*
  - a. *What factors are considered for implementation?*
3. *What are the company's key success drivers of construction operations*
4. *How are building code and manufacturer specifications tracked and incorporated in construction standards and assurances?*
5. *How are the company's quality standards taught and reinforced to employees and trade partners?*
6. *What training programs exist for all field personnel?*
7. *Describe the company's warranty process and how it is managed for the benefit of all stakeholders*
8. *How does the company use and communicate feedback from the warranty team and customers with the construction, sales, and other teams?*
9. *What is the company's quality review process for new plans, production of homes and new communities?*
10. *What is the customer's involvement in the construction and quality review process?*
11. *How is the customer's post-closing experience managed?*
12. *How does the company recognize quality work and workers?*
13. *Describe the company's continuous construction quality improvement processes*
14. *Describe the company's quality defect prevention and correction processes*
15. *Describe the company's field safety programs and training processes*
16. *Describe the company's job site safety systems, processes, and measurements*

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## Category 7: Trade Relationships

*Q: How does your company display consideration and collaboration with construction trade partners as valuable members of your organization? How are trade partners kept informed in the company's planning and performance improvement efforts?*

**At a minimum, your response should reflect the following:**

1. *What is the company's strategy for establishing mutually beneficial relationships with trade partners and suppliers?*
2. *How does the company select trade partners?*
3. *How do trade partners contribute to construction quality and continual improvement efforts?*
4. *What communication channels does the company use with trade partners?*
5. *What are the company's trade partner development and performance goals?*
6. *What is the company's process for developing trade partners to meet its goals?*
7. *What is the company's process for assessing trade partner performance and compliance with quality standards?*
8. *How does the company encourage or solicit trade partner contributions to the greater good of the organization?*
9. *Describe the company's trade partner feedback system*
10. *Does the company have a Trade Council or similar group?*
  - a. *If so, what are its goals, objectives, and outcomes?*
  - b. *How often does the council meet and provide feedback to the company?*
  - c. *Provide 2-3 examples of positive/impactful changes made from trade partner feedback*

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Category 8: Business Results

Q: How effective are the company's business practices in delivering tangible and measurable financial and operational results, customer satisfaction, and product/service quality?

At a minimum, your response should reflect and provide the following:

1. Three (3) years of specific and documented Customer Satisfaction Survey Results and Willingness to Refer data.
2. Operational Metrics and Results
 - a. Cycle time
 - Permit to foundation
 - Frame to completion/CO
 - b. Variance cost (money & time)
 - c. Job site safety
3. Human Resources
 - a. Employee survey/engagement information
 - b. 12-month turnover rate

4. Market Results
 - a. *Market share (all locations)*
 - b. *Sales traffic conversion (all sources)*
 - c. *Sales percentage (all sources)*
5. Trade Relations Results
 - a. *Trade partner surveys*
 - b. *Trade partner turnover*
 - c. *Specific and documented construction defect reduction efforts and metrics*
6. Constructed Quality
 - a. *Continuous improvement initiatives*
 - b. *Process improvement initiatives*
 - c. *Quality inspection results or tracking documentation*
7. Warranty Results
 - a. *Average number of warranty items per home*
 - b. *Average cost per work-order days to completion/CO*
8. Financial Results (**Prior 3 years**)
 - a. Complete the **Income Statement Form** below (next page); *Please refer to the Income Statement Guide provided for additional guidance.*
 - b. Also provide:
 - *Average revenue per employee*
 - *Financial ratio used to evaluate business opportunities or overall financial health/performance of company, (ex. ROE, ROI Inventory Turn, etc.)*

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*More ...*

## NHQA Category 8 Income Statement

|                                                           | Value (\$) | Percentage (%) |
|-----------------------------------------------------------|------------|----------------|
| <b>Total Sales Revenue</b>                                |            |                |
| (Land/Lot Costs)                                          |            |                |
| (Direct Construction Costs)                               |            |                |
| <b>Gross Margin</b>                                       |            |                |
|                                                           |            |                |
| <b>Indirect Construction Expenses</b>                     |            |                |
| Construction Supervision                                  |            |                |
| Warranty & Service                                        |            |                |
| Other: Purchasing, estimating, design                     |            |                |
| <b>Total (A)</b>                                          |            |                |
|                                                           |            |                |
| <b>Sales &amp; Marketing Expenses</b>                     |            |                |
| Commissions and sales costs                               |            |                |
| Advertising                                               |            |                |
| Model Homes                                               |            |                |
| Other (specify)                                           |            |                |
| <b>Total (B)</b>                                          |            |                |
|                                                           |            |                |
| <b>Financing, Closing &amp; Interest Expenses (C)</b>     |            |                |
|                                                           |            |                |
| <b>General &amp; Administrative Expenses (D)</b>          |            |                |
|                                                           |            |                |
| <b>Total Operating Expenses (A+B+C+D)</b>                 |            |                |
|                                                           |            |                |
| <b>Net Profit Margin</b>                                  |            |                |
| Gross Profit Margin <i>minus</i> Total Operating Expenses |            |                |

## Category 8: Income Statement Guide

The following is a guide for **applicants** to categorize company operational expenses as a percentage of revenue and provide standardized information compare applicants against the Financial Criteria in the Part 2 application.

### 1. Revenue

- a. Housing sales and rental income
- b. Rental/investor sales
- c. Land development income/value (if develop lots, use market value)
- d. Commercial/other non-residential work
- e. Other Income (Remodeling, construction management, fee building, rebates, discounts, misc.)

### 2. Cost

- a. Land (If develop lots, use actual cost)
- b. Direct Construction Cost (site preparation for building & actual hard cost of homes)

### **3. Indirect Construction Expenses**

- a. Construction Supervision: Compensation (salary and benefits, including bonuses/commissions) for superintendents, production/construction managers, field construction assistants, and field assistants
- b. Warranty & Service: Warranty employee/service compensation/fees, warranty expenses (materials and trade partner expenses not covered by suppliers or trade partners)
- c. Other: Compensation or fees for estimating, purchasing, architecture/design, field office operations, construction tools, equipment, vehicles, and other miscellaneous

### **4. Sales & Marketing Expenses**

- a. Compensation, commissions, and benefits for sales management, in-house sales representatives/agents, outside sales representatives/agents, and online sales.
- b. All advertising and public relations/communications expenses
- c. Model home operating expenses, furniture, and all non-capitalized expenses
- d. Other: Buyer discounts, concessions, and other miscellaneous

### **5. Financing, Closing & Interest Expenses**

- a. Interest on notes (bank and related parties) and mortgages
- b. Closing expenses, discount points, origination fees, and other miscellaneous

### **6. General & Administrative Expenses**

- a. Compensation, commissions, benefits and expenses for owners and key management team, accounting and general office personnel, office rent, utilities, communication devices, general office needs, computer hardware and software, personal property, insurance/worker's compensation, general liability, vehicles, property, professional services, consultants, dues, subscriptions, education, travel, training, and all other miscellaneous expenses.

*More ...*

# APPLICATION, EXAMINATION & AWARDS SCHEDULE

*The NHQA examination process provides an intensive look at your application and operations. Please refer to the following schedule as a guide to the process and timing:*

|                                                                                                                                                                              |     |                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------|
| Part 1: Intent to Apply                                                                                                                                                      | ... | March 31, 2027                    |
|  Part 2: Submit Application                                                                 | ... | May 21, 2027                      |
| Initial Examinations                                                                                                                                                         | ... | June                              |
| Status Update to All Applicants                                                                                                                                              | ... | Late June                         |
| Site Visits                                                                                                                                                                  | ... | July-September                    |
| <i>If your application merits a site visit, you will be contacted to schedule a two-day session at your location at your convenience within the examination period above</i> |     |                                   |
| Non-Site Visit Feedback Reports                                                                                                                                              | ... | July                              |
| <i>Applicants not earning a site visit will receive a comprehensive Feedback Report</i>                                                                                      |     |                                   |
| Feedback Reports + Awards                                                                                                                                                    | ... | September-October                 |
| Feature Article in <i>Pro Builder</i>                                                                                                                                        | ... | January-February 2028 (IBS) issue |
| Awards Ceremony                                                                                                                                                              | ... | IBS 2028, Las Vegas               |

 **Part 2** must be submitted to the examination portal by **May 21, 2027**. Instructions are provided in the email you received after submitting your Part 1 application and fee.

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## QUESTIONS?

*If you have any questions regarding your Part 2 NHQA Application, please contact Jeff Eschliman, executive director, at [jeff.nhqa@gmail.com](mailto:jeff.nhqa@gmail.com)*

**Thank you for your interest in the National Housing Quality Award, and good luck!**

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